

DECEMBER 21 1999

MOUNT DESERT WATER DISTRICT ORDER
Request to Consolidate Financial Records of the
Seal Harbor Division and the Northeast Harbor Division

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. Summary of Decision

In this Order, we allow the Mount Desert Water District (District) to consolidate the financial records of its Seal Harbor and Northeast Harbor Divisions except for the operating property and related accounts. We will require that the District continue to maintain separate operating property records for each division.

II. Procedural History

The District acquired the assets of the Seal Harbor Water Company and the Northeast Harbor Water Company in 1997. The Commission, in its Order (Docket No. 97-107) approving the acquisition, required "That the Mount Desert Water District shall maintain its books and records (including plant and operating records) separately for each division and shall file an annual report for each division. The District shall use time cards and other records necessary to allocate shared expenses and inventories between divisions accurately."

The District, in Docket No. 99-20, filed a single rate schedule, which applies to both divisions. That rate schedule became effective on April 1, 1999. The District now believes that the separation of records is no longer needed and, on July 27, 1999, filed its request for permission to discontinue the practice.

III. Discussion

The Northeast Harbor water system is and has been physically separate from the Seal Harbor water system with no interconnection between the two systems. Since April 1, 1999, the District provides water service to the customers of both systems/divisions under a single schedule of rates. Prior to April 1, 1999, each division had its own schedule of rates. Because the two systems are physically separated, it is possible that separate rate schedules could be requested and/or imposed in future years. We will require the District to maintain its property records with detail sufficient to permit the property accounts to be accurately separated, by water system, should such a proposal be made.

We are of the opinion that the non-property records may be consolidated. Reasonable allocations of those costs can be made if the District must revert to divisional rates in the future. The rates could be reviewed and adjusted based upon actual records/allocations one year after returning to divisional rates.

Accordingly, we

O R D E R

1. That the Mount Desert Water District shall maintain its property records with detail sufficient to permit the property accounts to be accurately separated for the Seal Harbor system and for the Northeast Harbor system. Those records shall include utility plant accounts, accumulated depreciation and amortization, utility plant acquisition adjustments, advances for construction, contributions in aid of construction, and related accounts.
2. That the Mount Desert Water District shall be allowed to combine the financial records of its Divisions, except as provided in Paragraph 1 above, starting with the year beginning on January 1, 2000.

Dated at Augusta, Maine this 21st day of December 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR:

Welch
Nugent
Diamond